

Opening remarks of Vice-President W. Haferkamp

(Bilateral Consultations between Australia and the EC-Commission, June 9, 1978)

1. Relations between the Community and Australia have recently been passing through a delicate phase. The Commission is well aware of this, and we consider that a serious effort has to be made to come to a better understanding.

The series of contacts which have taken place over the past few months have enabled us to prepare the ground carefully. We hope that our efforts will help to clarify positions on both sides, so that we fully understand one another, and the extent of one another's needs and possibilities.

2. It is Australia's requests in the agricultural sector which are at the centre of Australia's concerns. As was explained during the preparatory meeting last week, the margin of manoeuvre on the Community side is in fact extremely narrow in this sector, especially in the area where Australia has shown its main interest, beef. I can only repeat that solutions more favourable to Australia can only really be found in the framework of the MTN's.

But if that remains our position, we hope that we have also managed to show that bilateral consultations can be useful in preparing the ground for the positions to be taken in the MTN's. I am thinking here particularly of the Community proposal for "joint disciplines" for beef.

3. We do not think, however, that trade relations between the Community and Australia should be exclusively centered on agriculture. Australia belongs to the developed countries, when one takes into consideration:

- a per capita income of 20% above the Community average
- a steadily growing share of minerals and manufactured goods in total exports (more than 50% today, compared with 10% in the beginning of the Fifties), and
- a percentage of the labour force engaged in agriculture (8%) which is comparable with that of the Community.

We know by experience the frictions and political problems caused by a contraction of the agriculture sector in a society. But we must look to the future in order to gauge the prospects for economic productivity, and progress in our future relations.

4. We are concerned about the rising tendency in Australia towards a policy of protectionism in industrial sectors: cars, brandy, electrical appliances, shoes, textiles and so forth. We are aware of the problems of the Australian economy: 7% unemployment rate, 2% growth rate. But we have essentially the same problems in the Community. By turning to protectionism these problems can only get worse. We know that Australia has traditionally had an important tariff protection, and that it may be difficult to change the situation because of competition from low-cost Asian countries. But Australian tariff protection against manufactured goods from the Community is 16% on average (compared with less than 1% in the Community as regards Australian exports, mainly duty-free minerals), and 90% of the Australian tariff headings are unbound (EC: 20%).

5. Although the Commission agreed that these talks should concentrate on specific trade problems, we feel nevertheless that EEC/Australian relations should be developed on a broader basis. Our economies are largely complementary (mainly raw materials on one side, manufactured and high technology goods on the other), and there are established historical and political links. We have a strong desire to maintain these.

We would like therefore to establish the bases for a more effective and constructive dialogue. We are very conscious of Australia's wishes and needs - more conscious than we have ever been. You already have an idea of what we might be able to do in the MTN's and it would be my hope that we will be able to explore those elements further with you in order to move on to a greater level of mutual accomodation and understanding.